



STATE OF CONNECTICUT
STATE ELECTIONS ENFORCEMENT COMMISSION

TESTIMONY PRESENTED BEFORE THE APPROPRIATIONS COMMITTEE

March 11, 2010

Statement of Albert P. Lenge, Executive Director and General Counsel
State Elections Enforcement Commission

Beth A. Rotman, Director of the Citizens' Election Program

Governor's March 1, 2010 Deficit Mitigation Plan

Good Afternoon, Senator Harp, Representative Geragosian and distinguished members of the Appropriations Committee, thank you for the opportunity to speak to the Committee today to present testimony concerning the Governor's March 1, 2010 Deficit Mitigation Plan and its direct impact to the sufficiency of the Citizens' Election Fund. My name is Albert Lenge, and I am the Executive Director of the State Elections Enforcement Commission. With me today is Commissioner Cashman and Beth Rotman Director of the Citizens' Election Program.

In its mandated report to the legislature prepared pursuant to Section 9-716(b) of the Connecticut General Statutes, *"Projected Levels of Candidate Participation and Public Grant Distribution for the 2010 Citizens' Election Program & the Sufficiency of the Citizens' Election Program,"* the Commission determined that the CEF has sufficient resources for certain plausible scenarios for the 2010 election cycle. Without any additional cuts, the CEF should have at least \$38 million for the 2010 election cycle. *However, the Commission maintains that the CEF is at a critical point, finding that any further reductions would risk the State's ability to fund campaigns for statewide and General Assembly candidates in 2010.*

The Commission must anticipate a variety of election scenarios in both primary and general elections for statewide and General Assembly races, including those that test the limits of the CEF. Accordingly, in its report, the Commission outlined a reasonable range of costs for the 2010 election cycle, estimating that the cycle would cost between \$38 and \$48 million.

Although the Commission determined that the CEF was sufficient in its December 28, 2009 report, the Commission cautioned that further reductions could force the Commission to declare an insufficiency, pursuant to Section 9-716(b). Any such declared insufficiency would compel candidates to rely upon PACs and other traditional funding sources. *See Conn. Gen. Stat. § 9-716(b).* This would abruptly end the Program despite its early success at diminishing the role of "special interests."

To date, \$38.5 million has been swept from the Program to mitigate the State's budget deficit. In Public Act 08-1, the General Assembly swept \$5 million from the CEF to mitigate the state budget deficit in fiscal year 2009. Subsequently, the General Assembly swept an additional \$8.5 million from the CEF; thus, the aggregate reduction from the CEF after fiscal year 2009 was \$13.5 million.

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In November 2009, the General Assembly swept \$18 million from the CEF in fiscal year 2010. Looking forward, in accordance with P.A. 09-3, an additional \$7 million will be swept no later than June 30, 2011.

Although we are set to receive a net transfer of \$11 million to the Fund in FY 11, the Committee must recognize that the 2011 fiscal year allotment is unlikely to be in the CEF account in advance of the 2010 elections. Indeed, the first fiscal quarter deposits into the CEF over the past 4 years have never exceeded 3 million. *See Commission Chart Detailing CEF Activity Since 2006.* Since there is no predictability in the disbursement of escheats, it would be contrary to history and extraordinarily unsafe to assume that the 2010 candidate grants could be funded in any large measure by a 2011 fiscal year allotment.

Additionally, the fund will be impacted early in FY 11 and swept by \$7 million as budgeted, and only a very small portion of the remaining \$11 million will have been transmitted to the fund by the time we need to pay grants. It is imperative that the fund be sufficient early in the fiscal year and the real application of the transfer of funds does not accomplish sufficiency.

Our task to arrive at funding projections for the 2010 statewide elections is difficult, inasmuch as the Program has yet to be tested in a statewide election. At this time, there is a very uncertain political campaign landscape for 2010. Large independent expenditures and multiple high spending, nonparticipating candidates, could further increase the amount of money needed to satisfy the law as currently written.

Of course, candidates intending to participate in the entirely voluntary Program must have confidence that the public grants will be available to them when they reach the required thresholds. It is essential that the Program remain fully funded.

The nation recognizes the Citizens' Election Program as a model for campaign finance reform - all eyes are focused on our state. We bear the responsibility of maintaining the highest standard of campaign finance programs even as we look to improve on this groundbreaking system in light of the judge's recent ruling in *Green Party v. Garfield*. Regardless of discussions to reduce grant amounts, I cannot advise you that it would be prudent to reduce the fund any further.

The Commission urges the Governor and the General Assembly to stand behind the Citizens' Election Program and fully fund the Program for the 2010 election cycle. The Commission maintains that the State should refrain from further reductions to the CEF prior to the first run of the Program for statewide candidates.

Thank you for your time and consideration on this critical issue. We are committed to working with you.

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Total Funds Deposited in Grant Account

Fiscal Year	First Quarter Transactions			Second Quarter Transactions			Third Quarter Transactions			Fourth Quarter Transactions			Total Deposited for FY after Adjustments & Expenditures	Grant Account Balance at the end of Fiscal Year
	Total Deposited in First Quarter	Appropriations Adjustment in 1st QRT (Transferred to General Fund)	Total Expenditures in 1st QRT and Transferred to Reserve & Admin. Acct.	Total Deposited in Second Quarter	Appropriations Adjustment in 2nd QRT (Transferred to General Fund)	Total Expenditures in 2nd QRT and Transferred to Reserve & Admin. Acct.	Total Deposited in Third Quarter	Appropriations Adjustment in 3rd QRT (Transferred to General Fund)	Total Expenditures in 3rd QRT and Transferred to Reserve & Admin. Acct.	Total Deposited in Fourth Quarter	Appropriations Adjustment in 4th QRT (Transferred to General Fund)	Total Expenditures in 4th QRT and Transferred to Reserve & Admin. Acct.		
2006	\$0.00	\$0.00	\$0.00	\$500.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$15,262,077.28	\$0.00	\$0.00	\$15,262,577.28	\$15,262,577.28
2007	\$0.00	\$0.00	\$0.00	\$5,634,678.85	\$0.00	-\$50,000.00	\$4,031,585.42	\$0.00	\$0.00	\$7,716,471.00	\$0.00	\$0.00	\$16,334,715.27	\$31,597,292.55
2008	\$2,535,301.57	\$0.00	-\$37,500.00	\$5,869,958.74	\$0.00	-\$2,382,627.55	\$4,339,784.80	\$0.00	\$0.00	\$6,243,314.84	\$0.00	-\$623,411.32	\$15,754,522.85	\$47,351,815.85
2009	\$2,008,071.59	\$0.00	-\$5,107,710.58	\$4,888,857.59	\$0.00	-\$5,498,570.59	\$3,974,865.50	-\$12,500,000.00	\$761,541.89	\$7,844,463.81	-\$1,000,000.00	\$39,431.05	-\$4,579,049.74	\$42,778,746.60
2010	\$2,857,240.40	\$0.00	-\$2,324,483.90	\$15,456,597.30	-\$18,000,000.00	\$2,302,626.09	\$54,334.98	\$0.00	-\$30,208.95	\$0.00	\$0.00	\$0.00	\$308,105.92	\$43,086,852.52

2011

As of 3/11/10, fund balance
PA 09-3 will sweep in 1st QRT
Anticipate to receive in 1st QRT of FY 2011
Balance before expenditures

\$43,086,852
(\$7,000,000)
\$2,486,871
\$38,553,723

